



[7590-01-P]

## **NUCLEAR REGULATORY COMMISSION**

**[Docket No. 04009067; NRC-2014-0020]**

### **Uranerz Energy Corporation**

**AGENCY:** Nuclear Regulatory Commission.

**ACTION:** Temporary exemption; issuance.

**SUMMARY:** The U.S. Nuclear Regulatory Commission (NRC) is issuing a temporary exemption from certain NRC financial assurance requirements to Uranerz Energy Corporation, (Uranerz) in response to its annual financial assurance update for the Nichols Ranch in-situ recovery (ISR) Project. Issuance of this temporary exemption will not remove the requirement for Uranerz to provide adequate financial assurance through an approved mechanism, but will allow the NRC staff to further evaluate whether the State of Wyoming's separate account provision for financial assurance instruments it holds is consistent with the NRC's requirement for a standby trust agreement.

**ADDRESSES:** Please refer to Docket ID NRC-2014-0020 when contacting the NRC about the availability of information regarding this document. You may access publicly-available information related to this document using any of the following methods:

- **Federal Rulemaking Web site:** Go to <http://www.regulations.gov> and search for Docket ID NRC-2014-0020. Address questions about NRC dockets to Carol Gallagher; telephone: 301-287-3422; e-mail: [Carol.Gallagher@nrc.gov](mailto:Carol.Gallagher@nrc.gov). For technical questions, contact the individual listed in the FOR FURTHER INFORMATION CONTACT section of this document.

- **NRC's Agencywide Documents Access and Management System (ADAMS):**

You may access publicly available documents online in the ADAMS Public Documents collection at <http://www.nrc.gov/reading-rm/adams.html>. To begin the search, select "[ADAMS Public Documents](#)" and then select "[Begin Web-based ADAMS Search](#)." For problems with ADAMS, please contact the NRC's Public Document Room (PDR) reference staff at 1-800-397-4209, 301-415-4737, or by e-mail to [pdr.resource@nrc.gov](mailto:pdr.resource@nrc.gov). The ADAMS accession number for each document referenced in this document (if that document is available in ADAMS) is provided the first time that a document is referenced.

- **NRC's PDR:** You may examine and purchase copies of public documents at the NRC's PDR, Room O1-F21, One White Flint North, 11555 Rockville Pike, Rockville, Maryland 20852.

**FOR FURTHER INFORMATION CONTACT:** Ron C. Linton, Office of Federal and State Materials and Environmental Management Programs; U.S. Nuclear Regulatory Commission, Washington DC 20555-0001; telephone: 301-415-7777; e-mail: [Ron.Linton@nrc.gov](mailto:Ron.Linton@nrc.gov).

## **I. Background.**

Criterion 9 of part 40 of Title 10 of the *Code of Federal Regulations* (10 CFR), appendix A, and NRC materials license SUA-1597, License Condition 9.5, require Uranerz to submit to the NRC for review and approval, an annual update of the financial surety to cover third-party costs for decommissioning and decontamination for the Nichols Ranch ISR Project. The Nichols Ranch ISR Project is located in Johnson and Campbell Counties, Wyoming. Uranerz submitted to the NRC its annual surety update for 2013-2014 in submissions dated December 9, 2013, and January 31, 2014 (ADAMS Accession Nos. ML13353A634 and ML14041A337

respectively). The NRC's staff reviewed the annual financial surety updates and found the values reasonable for the required reclamation activities (ADAMS Accession No. ML14203A358). Uranerz maintains an approved financial assurance instrument in favor of the State of Wyoming; however, it does not have a standby trust agreement (STA) in place, as required by 10 CFR part 40, appendix A, Criterion 9.

## **II. Description of Action.**

As of December 17, 2012, the NRC's uranium milling licensees, which are regulated, in part, under 10 CFR part 40, appendix A, Criterion 9, are required to have an STA in place. Criterion 9 provides that if a licensee does not use a trust as its financial assurance mechanism, then the licensee is required to establish a standby trust fund to receive funds in the event the Commission or State regulatory Agency exercises its right to collect the funds provided for by surety or letter of credit. The purpose of an STA is to provide a separate account to hold decommissioning funds in the event of a default. Consistent with the provisions of 10 CFR part 40, appendix A, Criterion 9(d), Uranerz has consolidated its NRC financial assurance sureties with those it is required to obtain by the State of Wyoming, and the financial instrument is held by the State of Wyoming. Uranerz has not established an STA, nor has it requested an exemption from the requirement to do so.

Wyoming law requires that a separate account be set up to receive forfeited decommissioning funds, but does not specifically require an STA. Section 35-11-424(a) of the Code of Wyoming states that "[a]ll forfeitures collected under the provisions of this act shall be deposited with the State treasurer in a separate account for reclamation purposes." Under Wyoming Department of Environmental Quality (WDEQ) financial assurance requirements, WDEQ holds permit bonds in a fiduciary fund called an agency fund. If a bond is forfeited, the

forfeited funds are moved to a special revenue account. Although the Wyoming special revenue account is not an STA, the special revenue account serves a similar purpose in that forfeited funds are not deposited into the State treasury for general fund use, but instead are set aside in the special revenue account to be used exclusively for reclamation (i.e., decommissioning) purposes.

The NRC has the discretion, under 10 CFR 40.14(a), to grant an exemption from the requirements of a regulation in 10 CFR part 40 on its own initiative, if the NRC determines the exemption is authorized by law and will not endanger life or property or the common defense and security and is otherwise in the public interest. The NRC has elected to grant Uranerz an exemption to the STA requirements in 10 CFR part 40, appendix A, Criterion 9, until December 31, 2016, to allow the NRC to evaluate whether the State of Wyoming's separate account requirements for financial assurance instruments it holds is consistent with the NRC's STA requirements.

### **III. Discussion.**

#### **A. Exemption is Authorized by Law.**

The NRC staff concludes that the exemption is authorized by law as 10 CFR 40.14(a) expressly allows for an exemption to the requirements of the regulation in 10 CFR part 40, appendix A, Criterion 9, and the exemption is not contrary to any provision of the Atomic Energy Act of 1954, as amended.

#### **B. The Exemption Presents no Undue Risk to Public Health and Safety.**

The exemption is related to the financial surety. The requirement that Uranerz provide adequate financial assurance through an approved mechanism (e.g., a surety bond, irrevocable

letter of credit) remains unaffected by the exemption. Rather, the exemption only pertains to the establishment of a dedicated trust in which funds could be deposited in the event that the financial assurance mechanism would need to be liquidated. The regulations in 10 CFR part 40, appendix A, Criterion 9(d), allow for the financial or surety arrangements to be consolidated within a State's similar financial assurance instrument. The NRC has determined that while the WDEQ does not require an STA, the special revenue account may serve a similar purpose in that forfeited funds are not deposited into the State treasury for general fund use, but instead are set aside in the special revenue account to be used exclusively for site-specific reclamation (decommissioning) purposes. Because Uranerz remains obligated to establish an adequate financial assurance mechanism for its licensed sites, the NRC has approved such a mechanism, and the NRC has determined that sufficient funds are available in the event that the site needs to be decommissioned. A temporary delay in establishing an STA does not impact the present availability and adequacy of the actual financial assurance mechanism. Therefore, the temporary exemption being issued by the NRC herein presents no undue risk to public health and safety.

**C. The Exemption is Consistent with the Common Defense and Security.**

The exemption does not involve or implicate the common defense or security. Therefore, the exemption has no effect on the common defense and security.

**D. The Exemption is in the Public Interest**

The exemption will enable the NRC staff to further evaluate whether the State of Wyoming's separate account provision for financial assurance instruments it holds is consistent with the NRC's requirement for a standby trust agreement. The evaluation will allow the NRC to determine whether Uranerz's compliance with the state law provision will sufficiently address the

NRC's requirement as well, and therefore provide clarity on the implementation of the NRC's regulation in this instance. Therefore, granting the exemption is in the public interest.

**E. Environmental Considerations.**

The NRC staff has determined that granting of an exemption from the requirements of 10 CFR part 40, appendix A, Criterion 9 belongs to a category of regulatory actions that the NRC, by regulation, has determined do not individually or cumulatively have a significant effect on the environment, and as such do not require an environmental assessment. The exemption from the requirement to have an STA in place is eligible for categorical exclusion under 10 CFR 51.22(c)(25)(vi)(H), which provides that exemptions from surety, insurance, or indemnification requirements are categorically excluded if the exemption would not result in any significant hazards consideration; change or increase in the amount of any offsite effluents; increase in individual or cumulative public or occupational radiation exposure; construction impacts; or increase in the potential for or consequence from radiological accidents. The staff finds that the STA exemption involves surety, insurance and/or indemnity requirements and that granting Uranerz this temporary exemption from the requirement of establishing a STA would not result in any significant hazards or increases in offsite effluents, radiation exposure, construction impacts, or potential radiological accidents. Therefore, an environmental assessment is not required.

**IV. Conclusions.**

Accordingly, the NRC has determined that, pursuant to 10 CFR 40.14(a), the temporary exemption is authorized by law, will not present an undue risk to the public health and safety, is consistent with the common defense and security, and is in the public interest. Therefore, the

NRC hereby grants Uranerz a temporary exemption from the requirement in 10 CFR part 40, appendix A, Criterion 9, to set up an STA to receive funds in the event the NRC or the State regulatory agency exercises its right to collect the surety. This exemption will expire on December 31, 2016. At that time, Uranerz will be required to ensure that its financial assurance arrangement is in compliance with the NRC's STA requirements.

Dated at Rockville, Maryland, this 28<sup>th</sup> day of August 2014.

For the Nuclear Regulatory Commission.

Andrew Persinko, Deputy Director  
Decommissioning and Uranium Recovery  
Licensing Directorate,  
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